

(DRAFT)

Governor's Rural Partnership Board Meeting

February 19, 2020 from 11:00 AM – 12:00 PM
*Capitol Presentation Room, Utah State Capitol Building
350 N State St, Salt Lake City, UT 84114*

Present:	Lt. Governor Spencer J. Cox, Steve Styler, Brian Higginbotham, Michael McCandless, Stephen Lisonbee, Shannon Ellsworth, Geri Gamber, Kent Wilson, Emily Niehaus, Joan Hammer, Robert Miller, Michael McKee, Jason Yerka, Zac Whitwell, Jeff Peterson, and Brian Raymond
Regrets:	
Staff:	Val Hale, Ryan Starks, Kori Ann Edwards, Nan Anderson, James Dixon, Rebecca Dilg, Joshua Wiggins, and Scott Cheney
Guests:	45 rural partners
Minutes:	Joshua Wiggins

Call to Order

Steve Styler, GRPB Co-Chairperson

Welcome and Minutes Approval

Lt. Governor Spencer J. Cox, GRPB Co-Chairperson

Motion:	Approve the Governor's Rural Partnership Board meeting minutes from September 4, 2019.		
<i>Motion by:</i>	Tim Munns		
<i>Seconded by:</i>	Jason Yerka		
Vote Tally:	<u>AYE</u>		<u>NAY</u>
	17		0
Result:	Motion passes .		

Welcome New Board Member(s)

Steve Styler, GRPB Co-Chairperson

The GRPB formally welcomed Geri Gamber to the Governor's Rural Partnership Board.

2020 Targeted Business Tax Credit Awards

James Dixon, Office of Rural Development, GOED

James Dixon provided summaries of the two qualifying Community Impact Projects submitted by Utah companies. The summaries are included as *Attachment A*.

Motion:	The Governor's Rural Partnership Board recommends approval of a Targeted Business Tax Credit, a refundable tax credit administered through the Governor's Office of Economic Development, for Blue Tree Farms, LLC in Bluebell, Duchesne County, Utah in the amount of \$100,000.00.		
<i>Motion by:</i>	Brian Higginbotham		
<i>Seconded by:</i>	Stephen Lisonbee		
Vote Tally:	<u>AYE</u>		<u>NAY</u>

	17	0
Result:	Motion passes .	

Motion:	The Governor's Rural Partnership Board recommends approval of a Targeted Business Tax Credit, a refundable tax credit administered through the Governor's Office of Economic Development, for Accelerant BSP, LLC in Price, Carbon County, Utah in the amount of \$100,000.00.	
<i>Motion by:</i>	Mike McKee	
<i>Seconded by:</i>	Joan Hammer	
Vote Tally:	<u>AYE</u>	<u>NAY</u>
	17	0
Result:	Motion passes .	

Discussion and Possible Motion to Extend TBTC Application Period

James Dixon, Office of Rural Development, GOED

Of the available \$300,000 for the Targeted Business Tax Credit, only \$200,000 was awarded. The board discussed extending the application deadline to allow others to apply for the remaining tax credit.

Motion:	Extend the application period of the Targeted Business Tax Credit by 90 days.	
<i>Motion by:</i>	Tim Munns	
<i>Seconded by:</i>	Emily Niehaus	
Vote Tally:	<u>AYE</u>	<u>NAY</u>
	17	0
Result:	Motion passes .	

Brief Overview of Bills Impacting Rural Utah

Steve Styler, GRPB Co-Chairperson

Steve Styler summarized the bills and resolutions that may be of interest to rural constituents, including HB52, HB62, HB89, HB124, HB280, HB297, HJR3, SB95, and SB124.

Opportunity Zones Update

Patrick Mullen, Utah Association of Counties

Patrick Mullen presented on the current status of the Opportunity Zones in Utah. His presentation is included as *Attachment B*.

Spec Building Incentive Research

Theresa Foxley, EDCUtah; Auggie Wasmund, and Steve Goodwill

Auggie Wasmund and Steve Goodwill presented on their research into a Spec Building incentive. Their presentation is included as *Attachment C*.

Adjournment

Steve Styler, GRPB Co-Chairperson

The meeting was adjourned.

Targeted Business Tax Credit 2020 Applicants

Community Impact Project Summaries

Blue Tree Farms, LLC—Bluebell, Duchesne County, Utah

Blue Tree Farms is in the Duchesne County Enterprise Zone. It is planning to build a USDA Inspected meat processing plant in Duchesne, Utah. Currently there are no inspected processing plants within a 90 mile radius. Having this plant will save local ranchers in transportation costs and enable them to process their meat locally. Also, having a local USDA Inspected processing plant will raise the value of our locally raised beef, pork, lamb, and bison. The processing plant is estimated to cost just over **\$1 million dollars** in construction and equipment, and will **employ 6-12 people** initially with more employees needed as the business grows to capacity.

Accelerant BSP, LLC—Price, Carbon County, Utah

Accelerant BSP will renovate and restore the former JC Penney building on Main Street in Price, Utah to create a business Opportunity Hub. This location is at the heart of Price Utah and will be the strategic catalyst for the economic redevelopment of downtown. The purpose of the building will be to create corporate campus extensions, flexible business leasing, and work stations for employees, training space, conference rooms, small business co-working space, and small event space with stage.

The current building has been gutted but will require extensive renovation to meet modern building standards and codes. Interior construction will create a modern workspace and additional square footage. The final building will be approximately 36,000 SF. The overall cost of construction and equipment will be in excess of \$2.3 million. Accelerant will hire at least 5 new employees in Price at 110% of the county average wage, and cooperate with other companies to create up to 40 more jobs in the area.

Motion 1

The Governor's Rural Partnership Board recommends approval of a Targeted Business Tax Credit, a refundable tax credit administered through the Governor's Office of Economic Development, for **Blue Tree Farms, LLC** in Bluebell, Duchesne County, Utah in the amount of **\$ 100,000** .

Motion 2

The Governor's Rural Partnership Board recommends approval of a Targeted Business Tax Credit, a refundable tax credit administered through the Governor's Office of Economic Development, for **Accelerant BSP, LLC** in Price, Carbon County, Utah in the amount of **\$ 100,000** .



Powered by

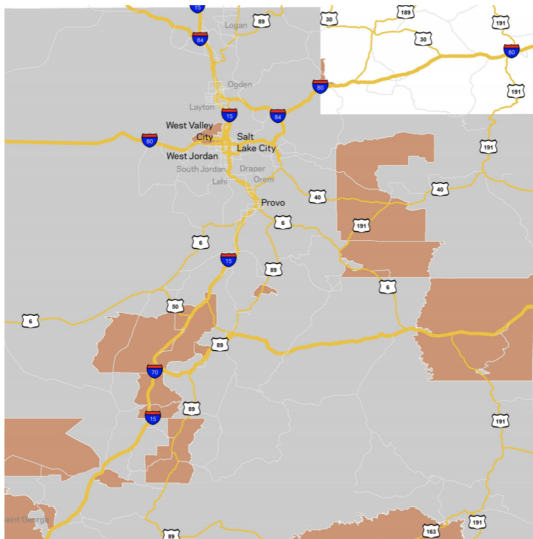


X



Utah Governor's Office of
Economic Development
BUSINESS • TOURISM • FILM

UTAH'S OPPORTUNITY ZONES



46 Opportunity Zones

208k Zone Residents

272k Zone Jobs

16k Zone Businesses



**Temporary
Deferral**

On capital gains by
investing in a QOZF



**Step-Up
In Basis**

10% step-up in 5
years, 5% in 7 years



**Permanent
Exclusion**

ZERO capital gains
tax on any new gains

CURRENT OVERVIEW

Community Engagement, Deal-Sourcing, & Prospectus and Other Investor-Facing Materials

- + **Education & Capacity Building**- substantial travel to all OZ counties
- + **Creation of OZ "Prospectuses"**- personalized to highlight local investment opportunity
- + **Launch of Statewide Investment Portal**- now live

BOX ELDER COUNTY
OPPORTUNITY ZONE PROSPECTUS

- + Home to the Golden Spike National Historic Site and the Bear River Migratory Bird Refuge
- + Conveniently located one hour north of Salt Lake City, along the I-15 corridor and intersecting I-84 to the north
- + Two major railways and one municipal airport within the county
- + A 45-minute drive from two universities, Utah State University and Weber State University

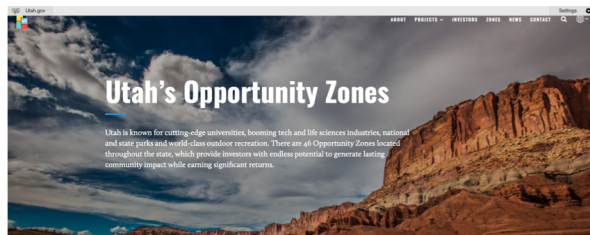
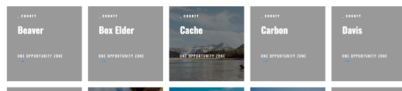
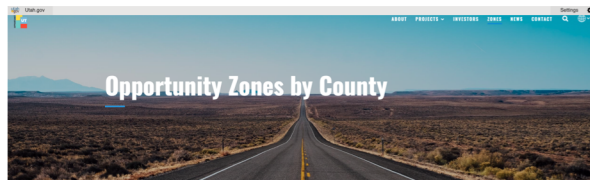
CONTACT INFORMATION:

54,950 Residents | \$58,835 Median Income | 90.5% HS Diploma | 21,270 Employed | Employment share by industry: Manufacturing 29.08%, Trade / Transport / Utilitie 20.06%

INTRODUCTION TO BOX ELDER COUNTY

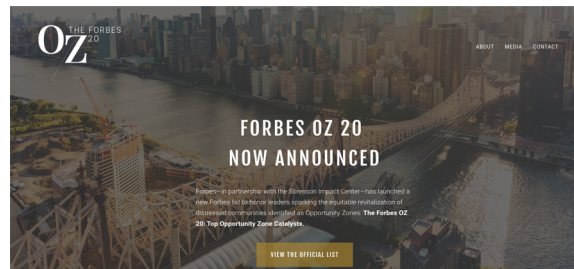
TRACT 1

XYZ, INC.



Explore Utah's Opportunity Zones

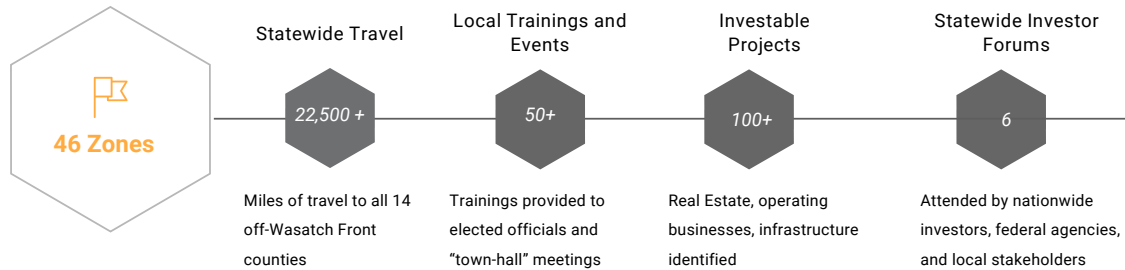
Explore Utah's Opportunity Zones by county. For more information, including project prospectus, click on specific counties from the map. To receive a full list of the counties, click here.



opportunityzones.utah.gov

The official online marketplace for Utah's Opportunity Zones

2019 HIGHLIGHTS- TEEING UP 2020 EXPANSION

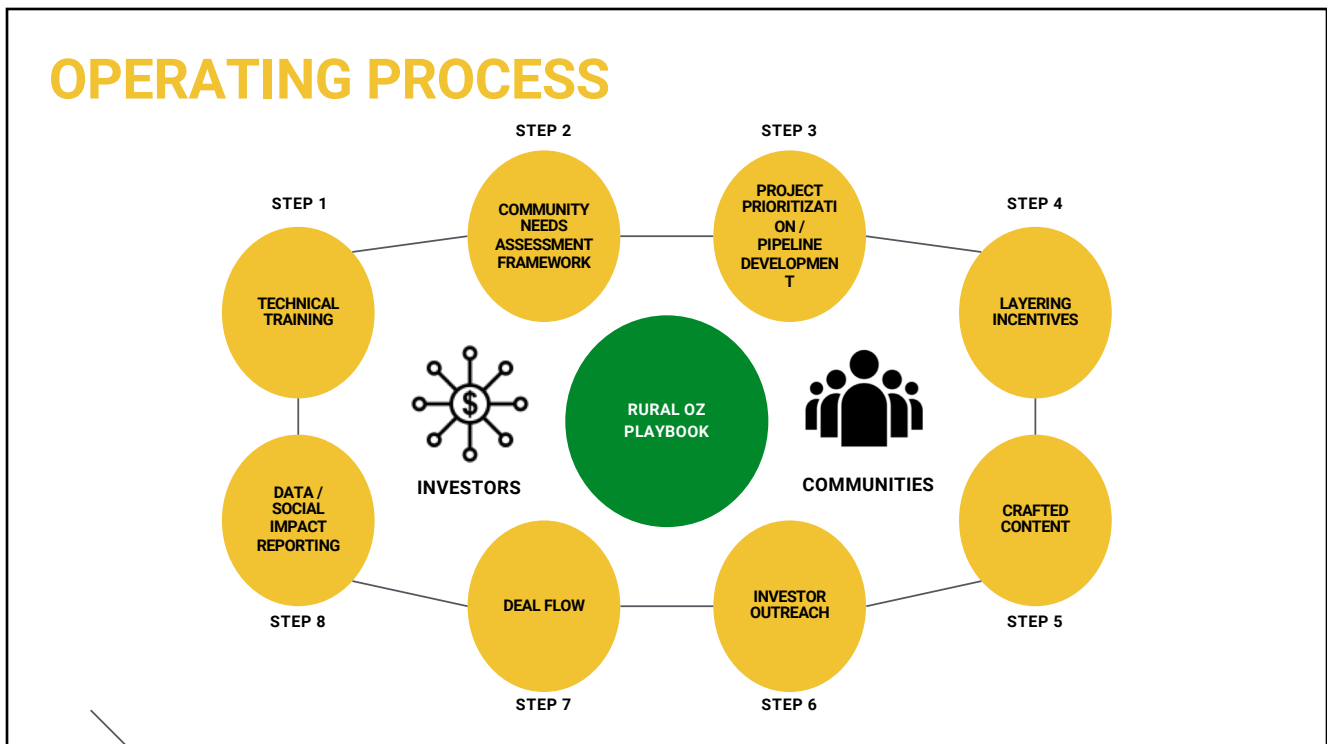
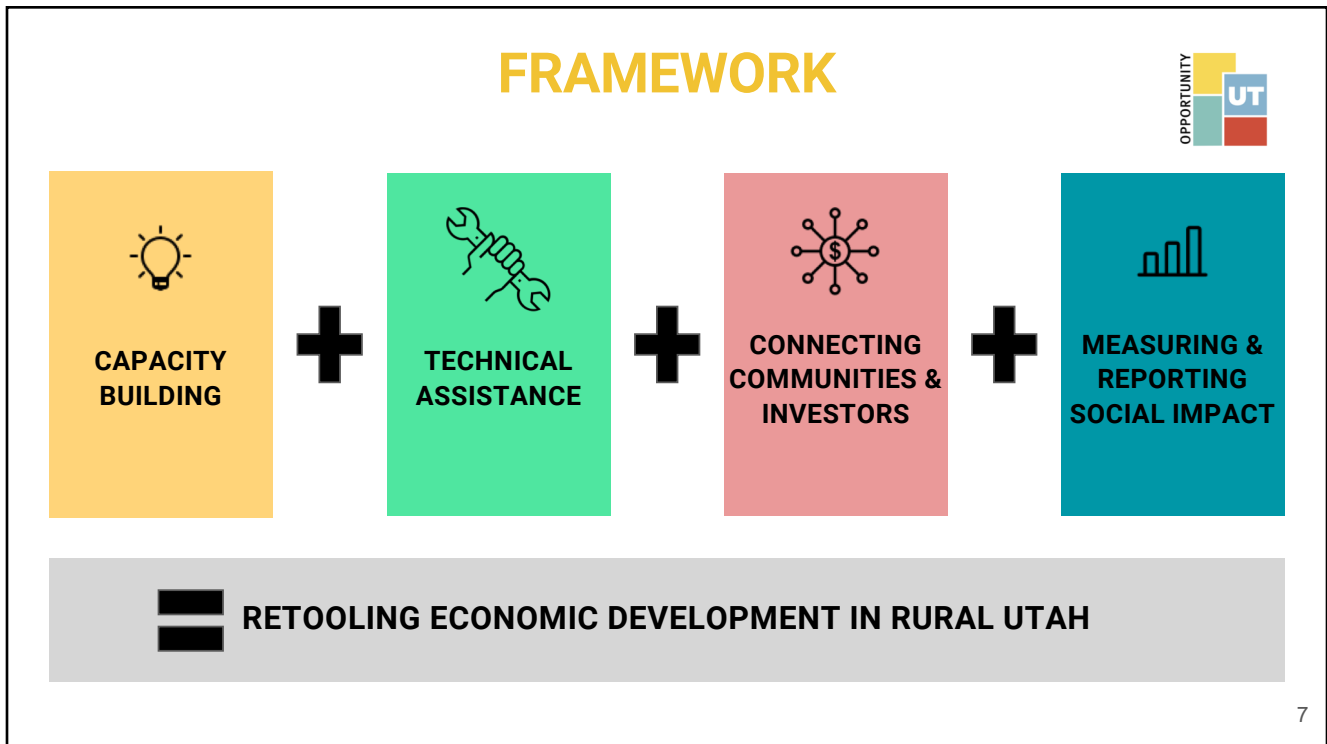


Nationwide Validation & Local Success

- + 1 of 7 nationwide communities invited to join EIG Coalition
- + Recognized by White House & President Trump at April Event
- + National Speaking Engagements- NGA, NACo
- + Local EDA/HUD OZ Tours
- + Statewide Investor Forums- Recognized by Forbes



***"Main Street Meets
Opportunity Zones In
Brigham City"***



APPENDIX

9

DELIVERABLES (1)

RURAL OZ
PLAYBOOK

- **Physical playbook for use by Utah's counties (March 2020):**

- Bespoke resource never compiled before
- Partnership opportunities with EDA, SBA, USDA
- Potential to layer in other incentives (NMTC, CRA, etc)

TECHNICAL
TRAINING

- **Training to all 14 Rural Utah Counties (September 2020):**

- Assessing Community Needs and Investment Opportunities
- Project prioritization
- Best practices on layering incentives (RDA, TIF, and de-risking projects)
- Investor outreach
 - Social Media Toolkit
 - Content generation (marketing collateral)
- Project evaluation - Framework for measuring and reporting social impact
- Connecting communities to share lessons learned and best practices

10

DELIVERABLES (2)

CRAFTED
CONTENT

- **Video and written case studies (March and August 2020)**
 - (x2) 3 minute profiles of rural Utah OZ projects
 - Published via Sorenson's Forbes media partnership
 - Includes accompanying article
- **x12 Published articles on GOED's website (Ongoing)**
 - Articles profiling opportunities in each county, OZ specific events etc.
 - Guest contributions from leaders in the OZ ecosystem
- **Best practice guides and intelligence briefings for Counties (Ongoing)**
 - Technical briefings on regulations
 - Sector analysis
- **Quarterly Opportunity Utah Newsletter**
 - Latest sector news
 - Key OZ developments in the state of Utah
- **Updates to Utah OZ website and prospectuses**

11

DELIVERABLES (3)

INVESTOR
OUTREACH

- **Matchmaking between investors and projects (Ongoing)**
 - Ad hoc, as opportunities arise
- **x2 bespoke GOED Investor/County Events (April and September 2020)**
 - Includes investors, state and federal agencies, anchor institutions and counties
 - Curated content
 - Invitations to attendees
- **Support with OZ specific events taking place across the state (Ongoing)**
 - Input on content
 - UAC/Sorenson Impact Center to present
- **x4 Project Social Impact Reports**
 - Detailed socio-economic impact report on funded projects

DATA /
SOCIAL
IMPACT
REPORTING

12

Rural Utah Speculative Building Program Proposal

Wednesday, February 17, 2020



Project Team



Spencer Connelly



Steven Goodwill



David Jaynes



Ben Lehnardt



Auggie Wasmund



EDCUtah developed a hypothesis:

“ the lack of high quality turn-key real estate excludes many rural communities from competing for economic expansion opportunities. ”

EDCUtah Engaged a Research Team

(MBA-MSF-MRED team from U of U Eccles School of Business)

- **Interviewed** national site selectors and local community ED directors, developers, financiers and construction firms
- **Benchmarked** national spec incentive programs
- **Studied** EDCUtah project data and currently available site inventory statewide
- **Built** a draft Utah Spec Building Incentive proposal
- **Presented** to EDCUtah investors – public, private and GOED team -- on Dec 3

Primary Challenges to Spec Building in Rural Utah

- *Return too low for developers*
- *Risk too high for lenders*



Wasatch Front

Low Risk

- Lower vacancy rates
- More liquid
- Financing available

High Return (ROI)

- Higher rental rates
- Lower build costs



Rural Communities

High Risk

- Higher vacancy rates
- Less liquid
- Financing unavailable

Low Return (ROI)

- Lower rental rates
- Higher build costs

Source: Developer interviews

Program Incentives

A partnership between state and local communities

Local communities: boost returns to developers with incentives

- Communities offer incentives to developers to increase returns
- Developers and local communities work together to propose projects to GOED

State: reduce risk to lenders with lease guarantee

- State credit used to secure financing for the project
 - 2–5 year lease term
 - \$500K–\$1M annual budget
- GOED screens and approves applications to ensure project viability

Potential Next Steps

1. Pilot the program in 2020 using existing Rural funds (IAF – would require legislative/statutory change)
2. Pursue new legislation and funding from the 2020 legislative session for stand alone program.
3. Continue to refine the proposal for possible legislation/funding in 2021.